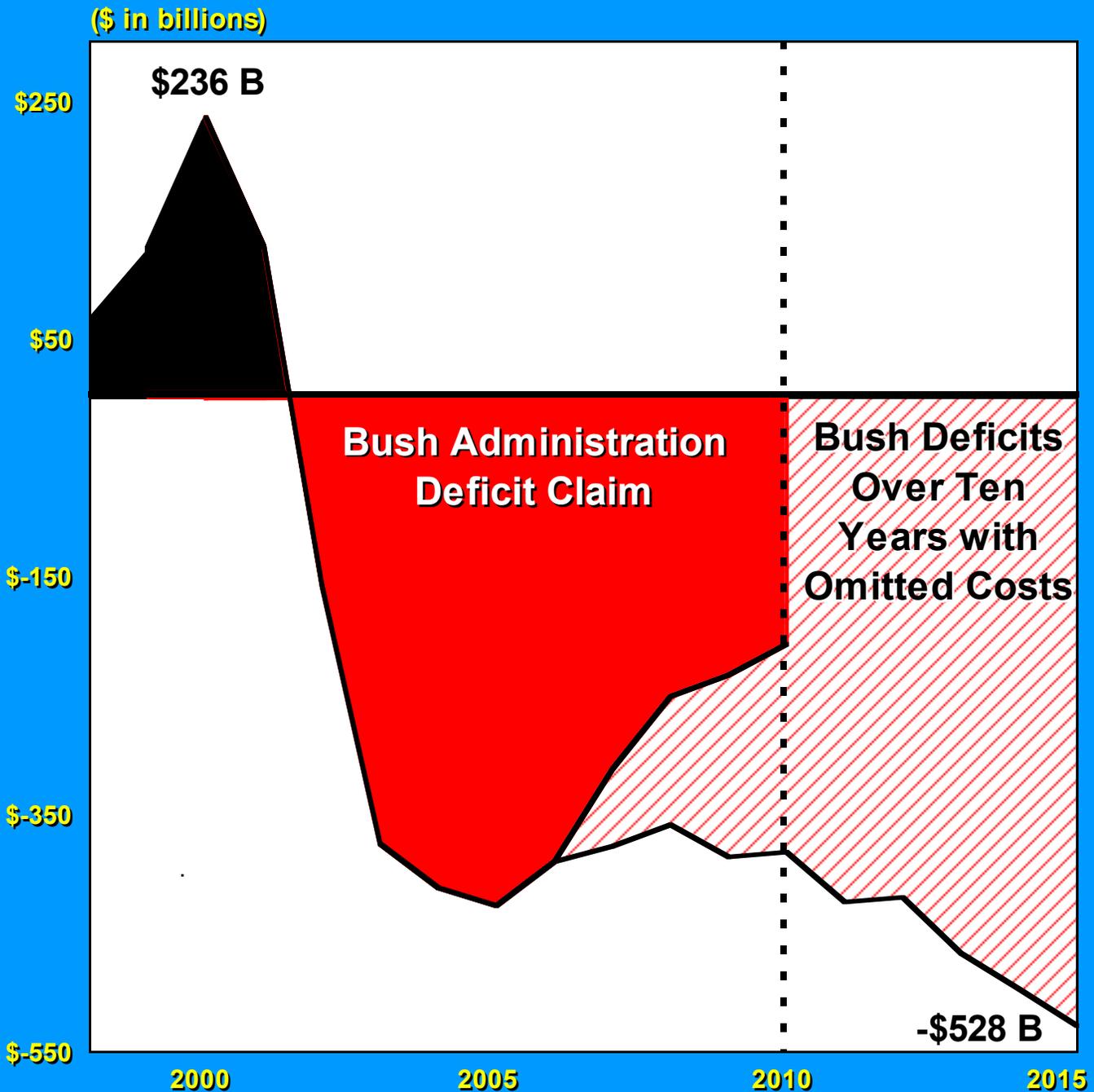


Comptroller General Walker Warns of Danger of Current Fiscal Outlook

“The American people need to realize that the fiscal choices being made in Washington today have profound consequences for the future of our country, and our children. In a nutshell, these fiscal choices will directly affect our future national security, economic vitality, and quality of life.”

**–GAO Comptroller General David M. Walker
Speech to National Press Club
February 2, 2005**

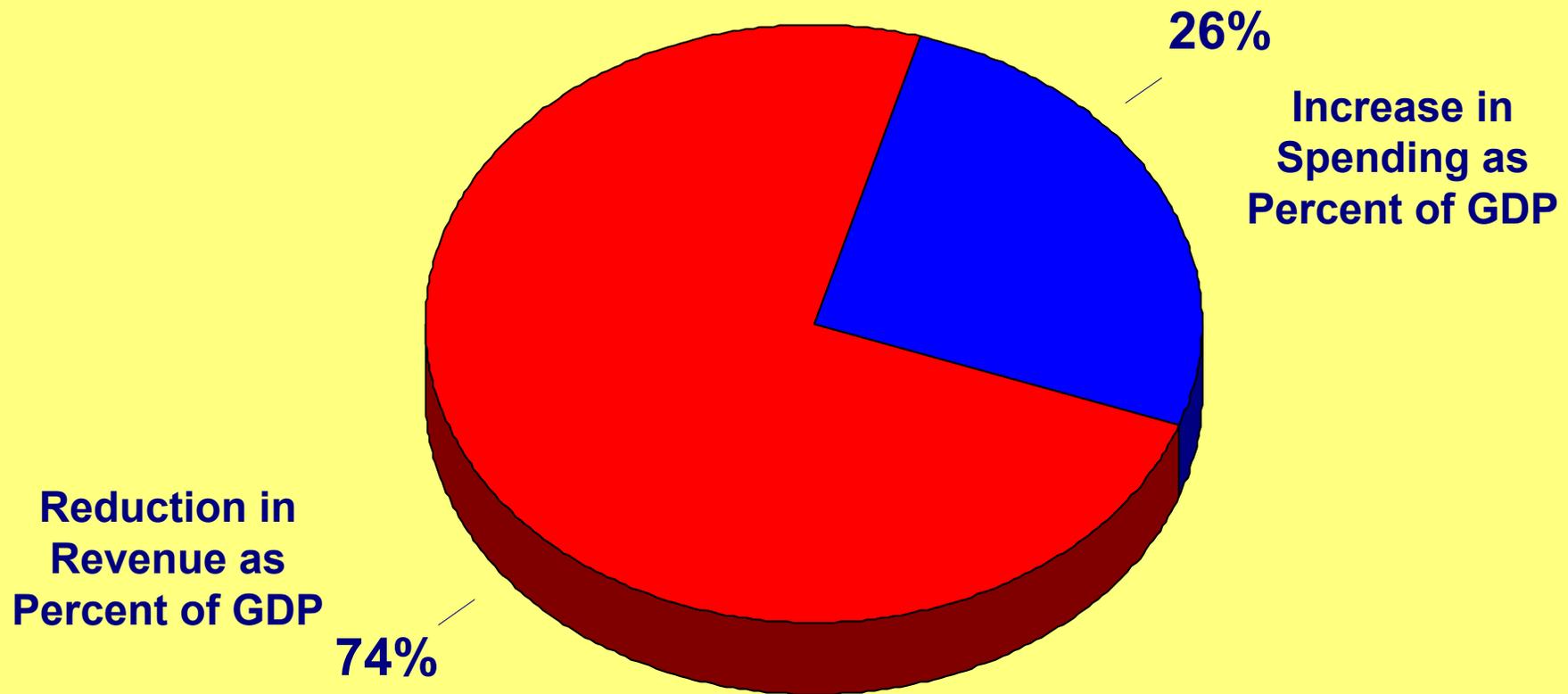
Bush Budget Hides Worsening Budget Outlook



Source: OMB, CBPP

Note: Deficit under Bush FY 2006 Budget extended over ten years with tax cuts made permanent, AMT reform, ongoing war costs, and with President's Social Security plan.

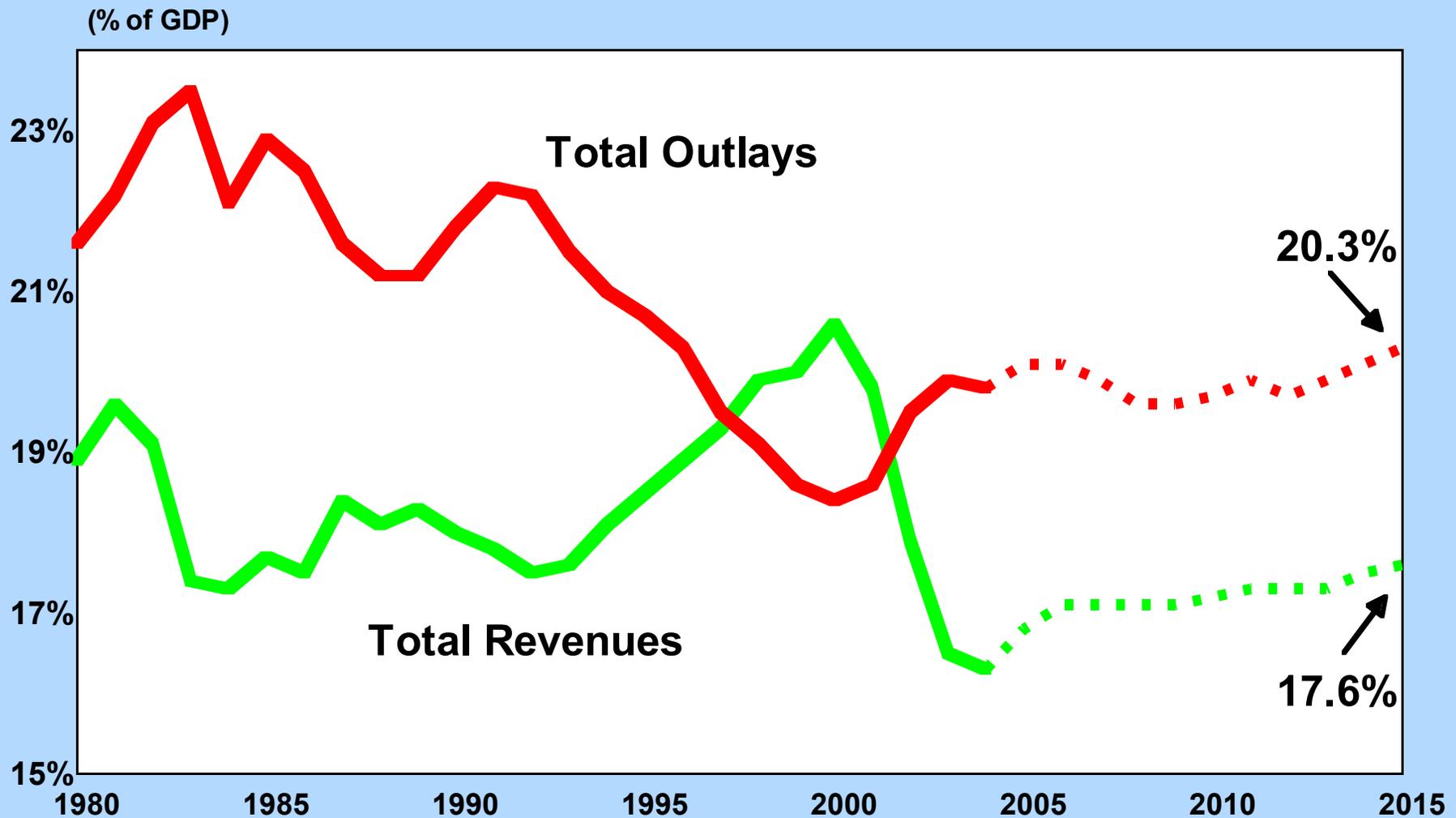
Revenue Loss Accounts for Bulk of Budget Turnaround Since 2000



Sources of Change from Surplus of 2.4% of GDP in 2000
to Deficit of 3.0% of GDP in 2005

Source: CBO

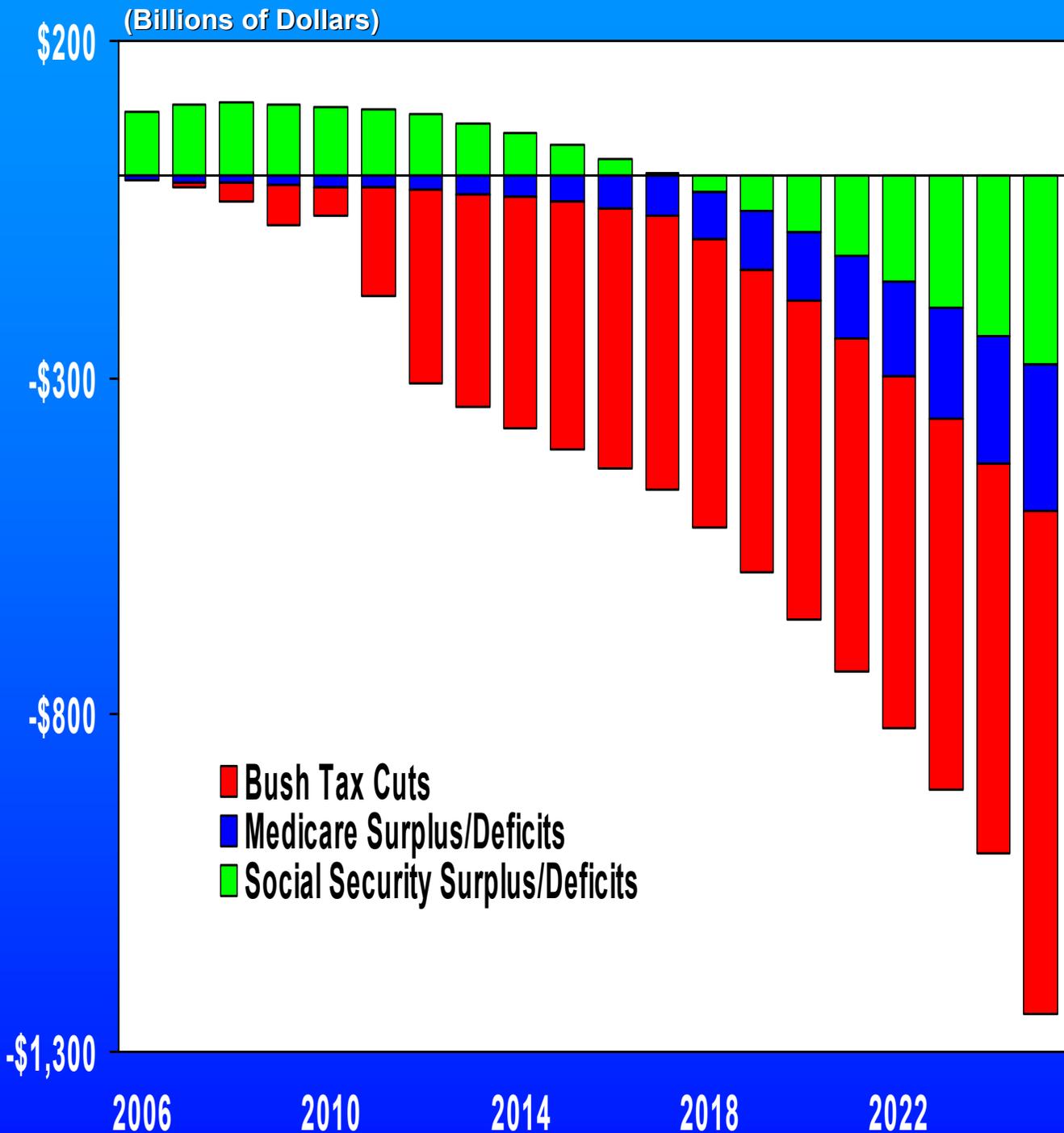
Deficits Primarily Caused by Drop in Revenues, Not Increase in Spending



Source: CBO, SBC staff

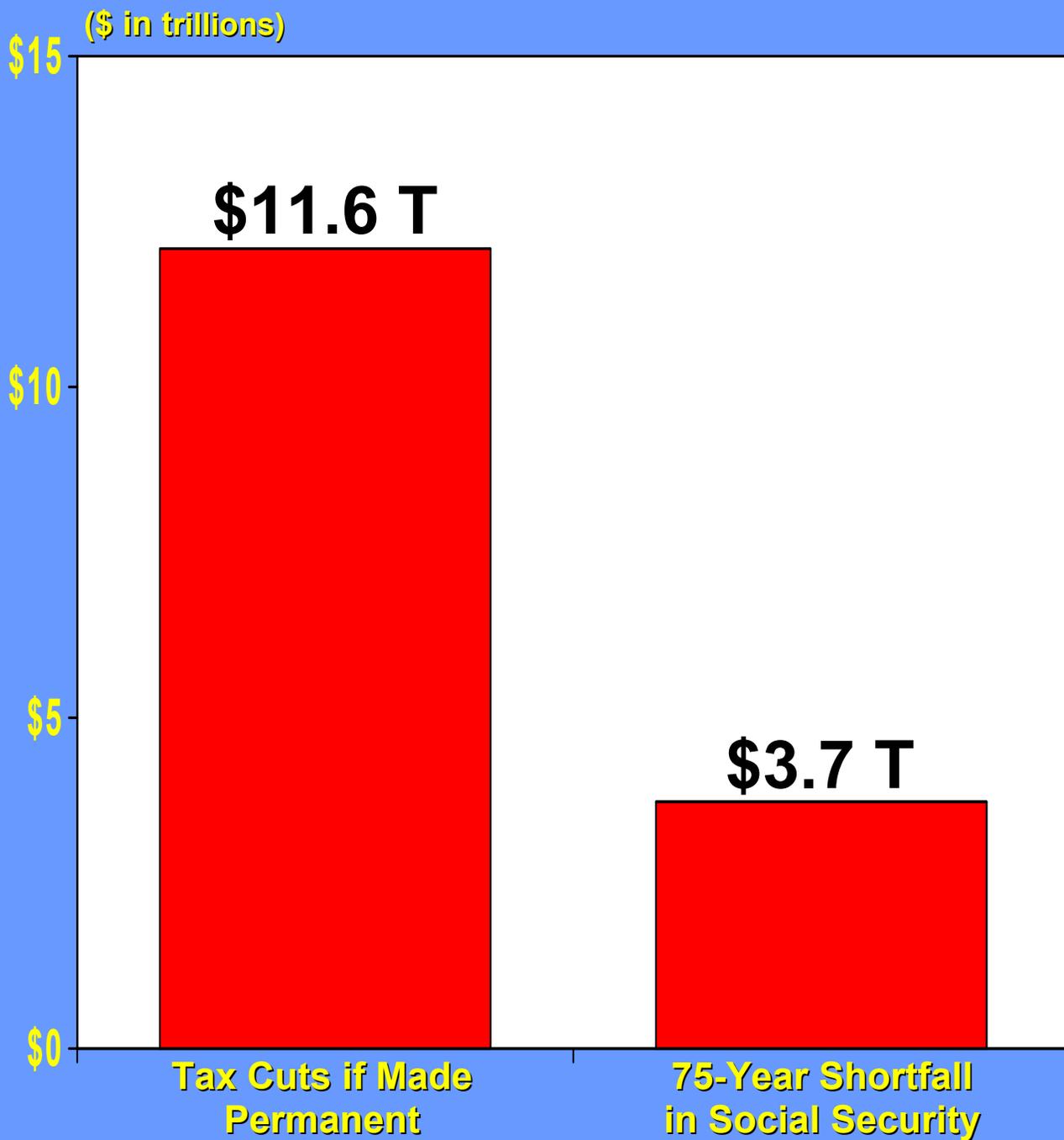
Note: Deficit under Bush FY 2006 Budget extended over ten years with tax cuts made permanent, AMT reform, ongoing war costs, and with President's Social Security privatization plan.

Tax Cuts Explode as Trust Fund Cash Surpluses Become Deficits FY 2006-2025



Note: Tax cut includes associated interest costs.
Source: 2004 Trustees Report, CBO, and SBC Staff

The Bush Tax Cuts and Social Security Present Value of Costs Over the Next 75 Years



Source: CBPP, Social Security Trustees 2004 Annual Report
Note: Assumes that provisions of EGTRRA and JGTRRA are made permanent and the AMT is reformed.